

Message Text

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70

ACTION EUR-25

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SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04 PRS-01

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TO SECSTATE WASHDC 7510

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION IAEA VIENNA

AEC GERMANTOWN 1304

UNCLAS EC BRUSSELS 7293

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TAGS: ENRG, TECH, EEC

SUBJECT: EC COMMISSION COMMENTS ON ENERGY MATTERS

REF: EC BRUSSELS 7166

1. FOLLOWING THE EC COUNCIL OF MINISTERS MEETING ON SEPTEMBER 17,
AT WHICH AGREEMENT WAS REACHED ON THE RESOLUTION REGARDING THE
COMMUNITY'S ENERGY POLICY (REFTEL), COMMISSION VICE PRESIDENT
SIMONEL MET BRIEFLY AND INFORMALLY WITH THE PRESS AND DISCUSSED
THE STEPS WHICH HE BELIEVES SHOULD NOW BE TAKEN REGARDING CERTAIN
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ENERGY MATTERS. WHILE SEVERAL OF HIS COMMENTS ARE UNCLEAR AND

PERHAPS INCORRECT, THE PORTION OF HIS REMARKS REGARDING URANIUM ENRICHMENT AND THE ECG ARE SUMMARIEZED AS FOLLOWS:

2. URANIUM ENRICHMENT: WHILE THE US GOVERNMENT HAS MADE A POLITICAL DECISION TO GUARANTEE TO FOREIGN CUSTOMERS THE SUPPLY OF ENRICHED URANIUM FROM US GOVERNMENT SOURCES OR PRIVATE FIRMS, POLITICAL GESTURE DO NOT CREATE ENRICHMENT CAPACITY. THEREFORE, CONTRACTS FOR URANIUM ENRICHMENT SIGNED WITH THE US AEC ARE CONDITIONAL AND WITHOUT TECHNICAL GUARANTEES. IF THE US IS UNABLE TO INCREASE ITS ENRICHMENT CAPACITY AND CANNOT SUPPLY ITS CUSTOMERS, COMMUNITY CUSTOMERS WOULD HAVE THREE OPTIONS: FIRST THEY COULD CONCLUDE CONTRACTS WITH THE SOVIET UNION; HOWEVER, THEY WOULD THEN BE DEPENDENT ON A PRODUCER WHO COULD EXERT PRESSURES ON PRICES AS THE US DID LAST YEAR. SECOND, COMMUNITY CUSTOMERS COULD ACCEPT A US OFFER AND HELP THE US TO CREATE ADDITIONAL CAPACITY FOR THEMSELVES, AMERICAN CUSTOMERS AND THIRD-COUNTRY CUSTOMERS.

3. THE THIRD OPTION OPEN TO THE COMMUNITY WOULD INCLUDE THE FOLLOWING POSSIBLE STEPS: CERTAIN MEMBER STATES COULD NEGOTIATE BILATERAL DEALS WITH OTHER ENRICHMENT PRODUCERS SUCH AS CANADA. THE COMMUNITY COULD SPEED UP THE DEVELOPMENT OF URENCO AND EURODIF WITH COMMUNITY FUNDS. MEMBER STATES AND URANIUM ENRICHMENT-PRODUCING COUNTRIES COULD BILATERALLY CONSTRUCT NEW ENRICHMENT PLANTS. THE COMMUNITY, PERHAPS WITH THIRD-COUNTRY PARTICIPANTS, COULD BORROW FROM CERTAIN COUNTRIES (OIL-PRODUCING COUNTRIES) TO ESTABLISH ENRICHMENT PLANTS IN EXCHANGE FOR PROVIDING PART OF THE PRODUCT TO THE LENDING COUNTRIES.

4. SIMONET SAID HE WOULD MEET SOON WITH URENCO AND EURODIF OFFICIALS TO REVIEW THEIR PROGRAMS AND INVESTMENT REQUIREMENTS. HE SAID HE WOULD THEN SUBMIT PROPOSALS TO HIS COMMISSION COLLEAGUES WITH THE OBJECTIVE OF PREPARING A COMMISSION PROPOSAL TO PRESENT TO THE COUNCIL REGARDING A COMMUNITY ENRICHMENT POLICY BEFORE THE END OF 1974.

5. ECG: SIMONET SAID THE COMMUNITY MUST BE ALERT TO FUTURE CONSEQUENCES OF ECG DECISIONS ON COMMUNITY ENERGY
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POLICY. THE COMMUNITY COULD BE CONFRONTED WITH A CONFLICT BETWEEN THE PLANS OF THE TWELVE AND THE NEEDS OF THE COMMUNITY, AND IT SHOULD BE ALERT TO AVOID THERE BEING ANY CONTRADICTION BETWEEN THE TWELVE AND THE NINE. HE CONCLUDED BY SAYING THAT FRANCE, IN HIS OPINION, IS STILL UNDECIDED ABOUT PARTICIPATION IN THE ECG.

6. AT THE NOON PRESS BRIEFING ON SEPTEMBER 19, A COMMISSION

SPOKESMAN REPEATED SOME OF SIMONET'S STATEMENTS REGARDING ENRICHED URANIUM. SHE ALSO SAID THE COMMISSION WOULD SUBMIT A PROPOSAL TO THE COUNCIL IN THE NEAR FUTURE FOR ESTABLISHING A COMMUNITY ENERGY AGENCY, A PROPOSAL ORIGINALLY MADE LAST SPRING BY FRANCE AND THEN BY THE COMMISSION. MYERSON

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